



General Assembly

February Session, 2000

***Raised Bill No. 5908***

LCO No. 2513

Referred to Committee on Appropriations

Introduced by:  
(APP)

***An Act Making Technical And Other Changes To The Teachers' Retirement System.***

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Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10-183b of the general statutes is repealed and the  
2 following is substituted in lieu thereof:

3 As used in this chapter, unless the context otherwise requires:

4 (1) "Actuarial reserve basis" means a basis under which the  
5 liabilities of the retirement system are determined under acceptable  
6 actuarial methods and under which assets are accumulated under a  
7 program designed to achieve a proper balance between the  
8 accumulated assets and the liabilities of the system.

9 (2) "Amortization of unfunded liabilities" means a systematic  
10 program of annual payments determined as a level per cent of  
11 expected member annual salaries in lieu of a lump sum payment.

12 (3) "Annual salary" means the annual salary rate for service as a

13 Connecticut teacher during a school year but not including unused  
14 sick leave, unused vacation, terminal pay, coaching or extra duty  
15 assignments, unless compensation for coaching or extra duty  
16 assignment was included in salary for which contributions were made  
17 prior to July 1, 1971. In no event shall annual salary include amounts  
18 determined by the board to be included for the purpose of inflating the  
19 member's average annual salary. The inclusion in annual salary of  
20 amounts paid to the member, in lieu of payment by the employer for  
21 the cost of benefits, insurance, or individual retirement arrangements  
22 which in prior years had been paid by the employer and not included  
23 in the member's annual salary, shall be prima facie evidence that such  
24 amounts are included for the purpose of inflating the member's  
25 average annual salary. Annual salary shall not include payments the  
26 timing of which may be directed by the member. Annual salary shall  
27 not include payments to a superintendent pursuant to an individual  
28 contract between such superintendent and a board of education, of  
29 amounts which are not included in base salary.

30 (4) "Average annual salary" means the average annual salary  
31 received during the three years of highest salary.

32 (5) "Board" means the Teachers' Retirement Board.

33 (6) "Child" means a natural child, an adopted child, or a stepchild of  
34 a deceased member who has been a stepchild for at least one year  
35 immediately prior to the date on which the member died. A child is a  
36 "dependent child" of a deceased member if at the time of the member's  
37 death (A) the member was living with the child or providing or  
38 obligated to provide, by agreement or court order, a reasonable  
39 portion of the support of the child and (B) the child (i) is unmarried  
40 and has not attained age eighteen or (ii) is disabled and such disability  
41 began prior to the child attaining age eighteen.

42 (7) "Contributions" mean amounts withheld pursuant to this chapter  
43 and paid to the board by an employer from compensation payable to a  
44 member. "Mandatory contributions" are contributions required to be

45 withheld under this chapter and consist of "six per cent contributions"  
46 and "one per cent contributions". "Voluntary contributions" are  
47 contributions by a member authorized to be withheld under section  
48 10-183i.

49 (8) "Credited interest" means interest at the rate from time to time  
50 fixed by the board which shall be substantially that earned by the  
51 funds of the system. Such interest shall be [compounded annually on  
52 the last day of June] applied to a member's account based on the  
53 balance as of the previous June thirtieth. Credited interest shall be  
54 assessed on any mandatory contributions which were due but not  
55 remitted prior to the close of the school year for which salary was paid.

56 (9) "Current service" means service rendered in the current fiscal  
57 year.

58 (10) "Dependent former spouse" means a former spouse of a  
59 deceased member who (A) has in his or her care a dependent child of  
60 the deceased member; and (B) was receiving, or was entitled to receive,  
61 from the deceased member at the time of the death of the deceased  
62 member, at least one-half of his or her support; and (C) has not  
63 remarried; and (D) is the parent of the child or adopted the child while  
64 married to the member and before the child attained age eighteen or,  
65 while married to the member, both of them adopted the child before  
66 the child attained age eighteen.

67 (11) "Dependent parent" means a parent of a deceased member who  
68 (A) has reached the age of sixty-five; and (B) has not married after the  
69 death of the member; and (C) was receiving at least one-half of his or  
70 her support from the member at the time of the member's death and  
71 files proof of such support within two years of the date of the  
72 member's death; and (D) is not receiving, or entitled to a federal or  
73 state old age benefit based on the parent's own earnings, equal to or  
74 greater than the amount the parent would be entitled to as a  
75 dependent parent under this chapter. A "parent of a deceased member"  
76 is (A) the mother or father of a deceased member; or (B) a stepparent of

77 a deceased member by a marriage entered into before the member  
78 attained age sixteen; or (C) an adopting parent of a deceased member  
79 who adopted the deceased member before the member attained age  
80 sixteen.

81 (12) "Designated beneficiary" means a person designated on a form  
82 prescribed by the board by a member to receive amounts which  
83 become payable under this chapter as the result of the member's death  
84 whether before or after retirement. If a designated beneficiary is not  
85 living at the time of the death of a member, the amounts that would  
86 have been payable to the designated beneficiary shall be paid to the  
87 member's estate.

88 (13) "Disabled" means inability to engage in any substantial gainful  
89 activity by reason of any medically determinable physical or mental  
90 impairment which can be expected to result in death or to be of long-  
91 continued and indefinite duration, except that during the first twenty-  
92 four months that a member is receiving a disability allowance,  
93 "disabled" means the inability to perform the usual duties of his  
94 occupation by reason of any such impairment.

95 (14) "Employer" means an elected school committee, a board of  
96 education, the State Board of Education, the board of governors or any  
97 of its constituent units, the governing body of the Children's Center,  
98 the E. O. Smith School and any other activity, institution or school  
99 employing members.

100 (15) "Formal leave of absence" means any absence from active  
101 service in the public schools of Connecticut formally granted by a  
102 member's employer as evidenced by contemporary records of the  
103 employer, provided in the case of an absence due to illness, medical or  
104 other evidence of such illness may, at the discretion of the Teachers'  
105 Retirement Board, be accepted in lieu of evidence of the formal  
106 granting of a leave.

107 (16) "Formal application of retirement" means the member's

108 application, birth certificate or notarized statement supported by other  
109 evidence satisfactory to the board, in lieu thereof, records of service  
110 when required by the board to determine a salary rate or years of  
111 creditable service, [legal teacher's certificate,] statement of payment  
112 plan and, in the case of an application for a disability benefit, a  
113 physician's statement of health.

114 (17) "Funding" means the accumulation of assets in advance of the  
115 payment of retirement allowances in accordance with a definite  
116 actuarial program.

117 (18) "Member" means any Connecticut teacher employed for an  
118 average of at least one-half of each school day, except that no teacher  
119 who under any provision of the general statutes elects not to  
120 participate in the system shall be a member unless and until the  
121 teacher elects to participate in the system. Members teaching in a  
122 nonpublic school classified as a public school by the board under the  
123 provisions of this section may continue as members as long as they  
124 continue as teachers in such school even if the school ceases to be so  
125 classified. A former teacher who has not withdrawn his or her  
126 accumulated contributions shall be an "inactive member". A member  
127 who, during the period of a formal leave of absence granted by his or  
128 her employer, but not exceeding an aggregate of ten school months,  
129 continues to make mandatory contributions to the board, retains his or  
130 her status as an active member.

131 (19) "Normal cost" means the amount of contribution which the  
132 state is required to make into the retirement fund in order to meet the  
133 actuarial cost of current service.

134 (20) "Public school" means any day school conducted within or  
135 without this state under the orders and superintendence of a duly  
136 elected school committee, a board of education, the State Board of  
137 Education, the board of governors or any of its constituent units, the E.  
138 O. Smith School, the Children's Center, joint activities of boards of  
139 education authorized by subsection (b) of section 10-158a and any

140 institution supported by the state at which teachers are employed or  
141 any incorporated secondary school not under the orders and  
142 superintendence of a duly elected school committee or board of  
143 education but located in a town not maintaining a high school and  
144 providing free tuition to pupils of the town in which it is located, and  
145 which has been approved by the State Board of Education under the  
146 provisions of part II of chapter 164, provided that such institution or  
147 such secondary school is classified as a public school by the retirement  
148 board.

149 (21) "Retirement allowance" means payments for life derived from  
150 member contributions, including credited interest, and contributions  
151 from the state.

152 (22) "School year" means the twelve months ending on June thirtieth  
153 of each year.

154 (23) "Surviving spouse" means a widow or widower of a deceased  
155 member who (A) was living with the member at the time of the  
156 member's death, or receiving, or entitled by court order or agreement  
157 to receive, regular support payments from the member and (B) has not  
158 remarried.

159 (24) "Survivors" means a surviving spouse, a dependent former  
160 spouse, a dependent child and a dependent parent.

161 (25) "System" means the Connecticut teachers' retirement system.

162 (26) "Teacher" means (1) any teacher, permanent substitute teacher,  
163 principal, assistant principal, supervisor, assistant superintendent or  
164 superintendent employed by the public schools in a professional  
165 capacity while possessing a certificate or permit issued by the State  
166 Board of Education, provided on and after July 1, 1975, such certificate  
167 shall be for the position in which the person is then employed, (2)  
168 certified personnel who provide health and welfare services for  
169 children in nonprofit schools, as provided in section 10-217a, under an

170 oral or written agreement, (3) any person who is engaged in teaching  
171 or supervising schools for adults if the annual salary paid for such  
172 service is equal to or greater than the minimum salary paid for a  
173 regular, full-time teaching position in the day schools in the town  
174 where such service is rendered, and (4) a member of the professional  
175 staff of the State Board of Education or of the Board of Governors of  
176 Higher Education or any of its constituent units. A "permanent  
177 substitute teacher" is one who serves as such for at least ten months  
178 during any school year.

179 (27) "Unfunded liability" means the actuarially determined value of  
180 the liability for service before the date of the actuarial valuation less  
181 the accumulated assets in the retirement fund.

182 Sec. 2. Subsection (c) of section 10-183j of the general statutes is  
183 repealed and the following is substituted in lieu thereof:

184 (c) A coparticipant's option may be elected in which the member  
185 receives an actuarially reduced benefit as provided in subsection (d) of  
186 this section and upon such member's death, one-third, one-half, two-  
187 thirds, three-fourths or all of such amount is paid to such member's  
188 designated beneficiary for life. With respect to any benefits which  
189 become effective on or after January 1, 2001, if twenty-five per cent of  
190 the aggregate benefits paid to the member or such member's  
191 designated beneficiary are, upon the death of such member or such  
192 designated beneficiary, less than such member's accumulated  
193 contributions plus credited interest, the estate of such member or such  
194 designated beneficiary, as appropriate, shall be paid a lump sum  
195 amount equal to the difference between such aggregate benefits paid  
196 and such accumulated contributions plus credited interest.

197 Sec. 3. Subsection (b) of section 10-183n of the general statutes is  
198 repealed and the following is substituted in lieu thereof:

199 (b) Each local treasurer or other person having custody of amounts  
200 deducted under this chapter by an employer shall transmit and report

201 such amounts to the board so that they are received by said board no  
202 later than the [last] fifth business day of the following month. On and  
203 after July 1, 2001, all such amounts shall be transmitted via electronic  
204 transfer of funds. Such amounts shall at all times be the property of the  
205 system and while in the custody of such local treasurer or other person  
206 such person is a fiduciary with respect to such amounts and shall  
207 discharge his responsibilities solely for the benefit of the system. Said  
208 board shall be entitled to receive from an employer interest at the rate  
209 of nine per cent per year from the due date on all amounts deducted  
210 by such employer and not received by said board [within one calendar  
211 month of the due date for the receipt of such amounts] by the fifth  
212 business day of the following month. Interest at the rate of nine per  
213 cent per year shall be compounded annually on the interest assessed  
214 from the date payment is received to the date the interest assessment is  
215 paid. Such interest shall be treated as an amount earned by assets of  
216 the system.

217 Sec. 4. Section 10-183g of the general statutes is amended by adding  
218 subsection (r) as follows:

219 (NEW) (r) On January 1, 2001, each eligible retired member or such  
220 member's successor beneficiary, as defined in subsection (j) of this  
221 section, shall receive a single increase in retirement benefits provided  
222 under this chapter. The increase shall be computed on the basis of the  
223 retirement benefits to which such retired member or such member's  
224 successor beneficiary was entitled on January 1, 2001, except benefits  
225 based upon one per cent or voluntary contributions. The increase in  
226 such benefits shall be at the rate of three per cent for each calendar  
227 year that such member's effective date of retirement occurred prior to  
228 1989. Such increase shall be in addition to any cost of living allowance  
229 otherwise provided pursuant to subsection (j) of this section.

230 Sec. 5. Section 10-183ii of the general statutes is repealed and the  
231 following is substituted in lieu thereof:

232 The Teachers' Retirement Board shall mail retirement benefit checks



233 [not later than three business days] on the next to last business day  
234 prior to the date on which such checks are payable. Any member  
235 whose retirement benefits become effective on or after January 1, 2001,  
236 shall be required to have the monthly benefit payment electronically  
237 transmitted to the financial entity of such member's choice. The board  
238 shall transmit such benefit payment on the last business day of each  
239 month.

***Statement of Purpose:***

To provide a cash refund to the estate of certain deceased members or coparticipants, to increase retirement benefits for certain members or successor beneficiaries and to make technical changes.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*